


PRODUCT DISCLOSURE SHEET

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| <p>PRODUCT DISCLOSURE SHEET</p> <p>(Read this Product Disclosure Sheet before your business/company decides to take up the product. Be sure to also read the bank's terms and conditions, which includes terms in the Receivables Finance-i Facility Letter (where applicable) and/or the relevant Receivables Finance-i Agreement.</p> | <p>HSBC Amanah Malaysia Berhad (Bank)</p>  <p>Receivables Finance-i (RBF-i)</p> <p><Date></p> |
| <p>1. What is this product about?</p> | |
| <p>Receivables Finance-i (RBF-i) is a Shariah Compliant product designed to provide your business/company with immediate and secure cash payment of up to maximum 85% of the value of your local and export sales invoices, from the point your business/company sell goods to a Buyer until, the Buyer settles their account at the end of the agreed financing term. The remainder 15% or more, less the financier's fee, is paid to your business/company when the full invoice payment is received from the Buyer and cleared by our Bank. In this relationship, Buyer is notified of the assignment of receivables and payments are to be made directly from the Buyer to our Bank.</p> | |
| <p>2. What is the Shariah concept applicable?</p> | |
| <p>The applicable concept is Commodity Murabahah (with deferred payment to be made through assignment of Receivables to the Bank). Under this structure, the customer will appoint the Bank as their agent to buy on their behalf the Shariah-compliant commodities from the Bank as seller at the Bank's selling price (i.e. cost price plus profit at Contracted Profit Rate p.a.) on a deferred payment basis where the deferred price is settled through assignment of receivables (following the establishment of the Facility and issuance of the invoice). Following this, the Bank as the customer's agent will sell Shariah-compliant commodities which the customer has bought, at cost price to Bursa or other approved asset exchange. The proceeds from the sale of the customer's commodities will be used to create the customer's Facility Limit. The sale of commodities will be executed once every 5 years* to maintain the Facility Limit (subject to annual credit review and rollover). The customer is obliged to pay the selling price to the Bank.</p> <p>The profit is set at the agreed Contracted Profit Rate ("CPR") of 15%. However, the Bank will charge the customer based on the Funds in Use amount computed at Effective Profit Rate ("EPR" –Bank's prevailing reference rate plus a margin). The difference between CPR and EPR will be granted as rebate ('ibra) to customer. Thus provided EPR stays below the CPR, customers are only expected to pay the EPR. The Bank cannot charge the customer more than the CPR under the facility.</p> <p><i>*Explanatory Note: The 5 years period is a mere product feature to implement the Shariah structure of the Facility and should not be taken as implying that this is a committed facility for a period of 5 years or more.</i></p> | |
| <p>3. What do I get from this product?</p> | |
| <p>Essentially, RBF-i is a complete financing package that combines working capital financing, credit risk protection and collection services.</p> <p>In short, there are three (3) main elements of RBF-i facilities:</p> <ol style="list-style-type: none"> Financing – Financing is made available to the Seller when its account receivables to local or overseas buyers are assign to the Bank through the Receivables Finance-i Agreement. RBF-i facility is directly linked to your sales, instead of a collateral. Credit Protection from the risk of bad debts – your business/company can mitigate your Buyer risk through our credit protection option, which can cover up to 90% of your sales. Sales Ledger Management and Collection of Payment on Invoices – this refer to cases where your business/company is able to outsource your sales ledger management and collection to our Bank through our dedicated credit control function. | |
| <p>4. What are my obligations?</p> | |
| <ol style="list-style-type: none"> You are required to assign to the Bank absolutely, all rights and titles in all existing and future debts owed by an approved Buyer upfront via the execution of the Receivables Finance Agreement-i. Your business/company is required to promptly perform all your sales obligation to your Buyer under each Contract of Sales, and, at the Bank's request, to provide satisfactory evidence of performance to pursue payment from your Buyer. | |

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- To notify Bank immediately of any dispute of any kind between your business/company and the Buyer relating to a commercial dispute and to resolve that dispute immediately.
- There is no monthly installment for RBF-i as RBF-i is akin to a revolving facility which is similar to Accepted Bills-i where the facility will be paid-off when you/Buyer issues payment for invoice assigned to Bank. Therefore, you are to ensure due and punctual payment by Buyer to Bank of all receivables.

c) In the event that the Buyer fails to make timely payment and/or upon occurrence of a recourse event (e.g. disputed Receivables, non-performance of obligations under the invoices), the Bank may request your business/company to pay HSBC such relevant sum which become due and payable due to a recourse event (as defined in the Receivables Finance agreement-i). Kindly note as RBF-i is a product designed on a revolving and whole turnover basis vis-à-vis an approved Buyer, the Bank will not be able to provide notice of re-assignment for each disputed Receivable re-assigned to you until the facility is terminated and/or expired, and notice of re-assignment may be issued if applicable. Nonetheless on a case to case basis, notice of re-assignment may be issued upon request subject to the Bank's approval.

d) To pay the amount due to the Bank in the event the receivables become Disputed.

Standard Cut-Off Times

Funding of invoices are generally within 2 working days subject to full completion of required documentation. Standard Cut-Off Times (Monday to Friday except for public holidays) for settlements are subject to the respective foreign currencies cut-off time and provided that complete information is received: -

- Cross Border Payments - 12.00 p.m. (exclude AUD & JPY)
- Ringgit Payments (Rentas) – 11.00 a.m.

Note: Service delivery standards shall depend on customer's grouping as "Premier" or "Standard" or as agreed in customer's legal agreements. Kindly contract the Client Services Team for further details on other cut-off times not mentioned above.

5. What are the fees and charges I have to pay?

Please refer to our schedule of tariff and charges at <https://www.business.hsbcamanah.com.my/en-gb/my-amh/generic/rates-tariff-and-charges> for full list of charges. Key charges are as follows:-

| Key Charges | Description |
|---|--|
| Service Charge (includes credit protection/ledger management (depending on the service required)). In some Receivables Finance-i legal agreements, it is being referred to as "Limited Recourse Fee". | Non SME - A flat percentage charge of up to maximum 0.75% on the invoice value SME - A flat percentage charge of up to maximum 0.3% of invoice value + staff handling cost of RM140 |
| Facility Set-Up Fee / Arrangement Fee as referred to in some Receivables Finance-i legal agreements. <i>(Not applicable to SME)</i> | Minimum RM1,000.00 up to 1.50% of the facility limit |
| Administration Charges | RM200.00 for one-off service requests, outside the usual service offering & facility structure (for e.g. facility overpayments, same day payments against invoices submitted, etc.) |
| Annual Renewal Fee <i>(Not applicable to SME)</i> | Minimum MYR1,000 up to 1.50% of the facility limit |
| Brokerage Fees <i>(waived for SME)</i> | <ul style="list-style-type: none"> • 15 per currency per million (Bursa Malaysia Islamic Services Sdn Bhd. (BMIS)) • 10 per currency per million (DD&Co. Ltd) |

6. What if I fail to fulfill my obligations?

In the event of a default in such payment exceeding the maturity/due date, your business/company will need to pay compensation for late payment until the financing is fully paid, which will be debited and/or set off from any credit balance(s) in any of your business/company's account(s).

Compensation for late payment will be based on a rate not exceeding the prevailing IIMM (Islamic Interbank Money Market) rate. The computation of compensation on late payment is based on following formula:

$$\frac{\text{Principal Outstanding} \times \text{Rate not exceeding IIMM rate} \times \text{Number of Days Overdue}}{365}$$

The rate will be applied to the principal amount outstanding where the bank will debit your account with the compensation for late payment.

Example: If the overdue amount in arrears is RM100,000; the IIMM rate is 2%; and the number of days overdue is 20 days; the computation of compensation charge is as follows:

$$\text{RM100,000} \times 2\% \times 20/365 = \text{RM109.59}$$

Right to Set-Off

In the event of a default, the Bank reserves the right, at any time and with notice, to apply and debit and/or set off from any credit balance(s) in any of your business/company's account(s).

7. What if I fully settle the facility before its maturity?

The Bank shall, subject to your compliance of all terms and conditions, grant a rebate (Ibra) to you in respect of any early settlement of the Bank's selling price (under the applicable asset sale agreement) equal to deferred profit for the period after early settlement date to payment due date. For foreign currency financing, the rebate is subject to reduction based on conversion rate by the Bank.

Formula:

Illustration of Facility Profit & Early Settlement Computation

Example of Actual Total Profit

| | | |
|------------------------------|---|-------------------|
| Financing Amount | : | RM100,000.00 |
| Contracted Profit Rate (CPR) | : | 15% |
| Effective Profit Rate (EPR) | : | KLIBOR +1.5% = 6% |
| Tenure | : | 90 days |
| Tenure Begins On | : | 01 January 2023 |
| Tenure Ends On | : | 31 March 2023 |

Note: Customer will always pay at EPR. The difference between CPR and EPR is a discretionary rebate from the Bank to the client. In case of Early Settlement, the Bank may grant additional rebate.

Example of Profit Computation

Actual Total Profit is calculated as follows:

$$\begin{aligned} \text{Actual Total Profit} &= \frac{\text{Financing Amount} \times \text{Effective Profit Rate} \times \text{Actual No. of days}}{365} \\ &= \frac{\text{RM100,000.00} \times 6\% \times 90 \text{ days}}{365} = \text{RM1,479.45.00} \end{aligned}$$

Example of Early Settlement

Customer wishes to early settle on the 31 January 2023, where:

$$\text{Accrued Actual Total Profit} = \frac{\text{RM100,000.00} \times 6\% \times 31}{365} = \text{RM509.59}$$

$$\text{Unaccrued Actual Total Profit} = \frac{\text{RM100,000.00} \times 6\% \times 59 \text{ days}}{365} = \text{RM969.86}$$

Early Settlement Charges: RM0

$$\text{Ibra' (Rebate)} = \text{Unaccrued Actual Total Profit} - \text{Early Settlement Charges (if any)} = \text{RM969.86} - \text{RM0} = \text{RM969.86}$$

Settlement Amount = Outstanding Principal + Accrued Actual Total Profit = RM100,000 + RM509.59 = RM100,509.59

Note: The values illustrated above may change according to a number of variables such as promptness of payments by customer, different amount of disbursement and prepayments.

Effective Profit Rate:

- Calculated daily on the Funds in Use amount extended to the seller, and based on an agreed margin plus published reference rate (e.g. Base Financing Rate, KLIBOR, Risk Free Rates such as SONIA for GBP, and EURIBOR) or the bank's internal cost of funds of relevant currency plus profit margin of up to maximum of 3.00% as stipulated in the Receivables Finance-i Facility Letter (where applicable) and/or the relevant Receivables Finance-i Agreement.

8. Do I need any insurance / takaful coverage?

This product generally includes credit insurance coverage for buyer risk credit protection (subject to approval for buyer risk appetite).

9. What are the major risks?

- Discounting Charge is subject to the fluctuation risks depending on the prevailing Base Financing Rate or KLIBOR, EURIBOR or applicable Risk Free Rates) or the bank's internal cost of funds as per your Receivables Finance-i Agreement.
- Factoring of foreign currency invoices are subject to foreign exchange risks.

An increased Effective Profit Rate may result in higher payment of profit on the drawdown amount from your business/company.

If you have problems meeting your payment obligations, contact us early to discuss payment alternatives.

10. What do I need to do if there are changes to my contact details?

It is important that the Bank is informed of any change in your business/company's contact details to ensure that all correspondences reach your business/company in a timely manner. Changes in your business/company's contact details should be submitted formally in written, duly authorized by the company's authorized signatures. Please contact your Relationship Manager for further clarification.

11. Where can I get further information?

- Should you require additional information about taking up Receivables Finance-i, please refer to the *bankinginfo* booklet on 'Small and Medium Enterprises - Financing Products for Your Business – Trade Financing – available at www.bankinginfo.com.my. Kindly take note that the products available in the *bankinginfo* booklet refers to financing products in general, and may not be an exact representation of products offered by the Bank.
- If you have any enquiries, please contact your Relationship Manager or Trade representative or visit our website at: <https://www.business.hsbcamanah.com.my/en-gb>

12. Where can I get assistance and redress?

- If you have difficulties in making payments, you should contact your Relationship Manager earliest possible to discuss payment alternatives.
- If you wish to speak to our Trade representative, you may contact us at:

Client Service Team
Tel: 1-300-88-1099
Email: grtf.client.services.my@hsbc.com.my
- You may also seek the services of Agensi Kaunseling dan Pengurusan Kredit (AKPK), an agency established by Bank Negara Malaysia to provide free services on money management, credit counselling and debt restructuring for individuals and SMEs. You can contact AKPK at:

Level 5 and 6, Menara Bumiputra Commerce,
Jalan Raja Laut
50350 Kuala Lumpur
Tel: 03-2616 7766 (Monday to Friday; 9am - 5:30pm local time)

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Email: enquiry@akpk.org.my

- If you wish to complain on the products or services provided by us, you may contact us at:

HSBC Bank Malaysia Berhad
Customer Experience Team,
Level 30, Menara IQ
Persiaran TRX
55188 Tun Razak Exchange, Kuala Lumpur
Malaysia
Tel: +603-2075 6235
Fax: +603-88942811
Operating Hours: (9.00am to 4.00pm–Monday to Friday)
E-mail: complaints@hsbc.com.my

- If your query or complain is not satisfactorily resolved by us, you may contact Bank Negara Malaysia LINK or TELELINK at:

Bank Negara Malaysia
Jalan Dato' Onn
P.O. Box 10922
50929 Kuala Lumpur.
Tel: 1-300-88-5465 (1-300-88-LINK)
(Overseas: 603-2174-1717)
Fax: 603-2174 1515
E-mail : bnmtelelink@bnm.gov.my
Web form: eLINK at <https://telelink.bnm.gov.my/>
Operating Hours: 9.00AM to 5.00PM – Monday to Friday
General Number: 603-26988044 / 2698 9044 / 9179 2888

13. Other Trade Financings available?

Other trade finance solutions includes (but not limited to):-

- Supply Chain Financing-i
- Trust Receipt-i
- Clean Financing-i (Import / Export)
- Bills Purchased-i
- Accepted Bills-i (Import / Export)

Please also contact your Relationship Manager or Trade Representative for details of other Non-Financed Trade Services and/or further discussion on appropriate financing solutions that caters to your company's best interest.

IMPORTANT NOTES:

- **Your business/company will be classified as bad and doubtful after 3 months / 90 days default in payment obligation and this RBF-i facility may be withdrawn.**
- **You are advised to go through and understand the information in this product disclosure sheet. HSBC recommends that before you make any decision or accepting any of the Bank's terms and conditions for this product (for example, terms and conditions found in Receivables Finance-i Facility Letter / Receivables Finance-i Agreement, etc) you should consult with qualified professional advisers to obtain the appropriate financial, legal, accounting, tax or other advice which is suitable for your business, as well as to ensure adequate understanding of your key contractual obligations under these terms and conditions. We are always ready to assist and provide clarification if you are in doubt. Should you require any support, kindly reach out to your relationship manager or the relevant HSBC officer.**
- **The Customer hereby acknowledges and agrees that by signing this document (or by way of an email confirmation provided to HSBC) all the terms and conditions of the Product Disclosure Sheet have been explained to them.**

The information provided in this disclosure sheet is valid as at <insert date>.

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Name:
Designation:
Company Name:
Date: